



An early preview...

Mountain Lakes Board of Education

**2010 – 2011 Budget Hearing
March 29, 2010**



Mountain Lakes Board of Education

Educational Excellence,
Unprecedented Economic Challenges

“Balancing the trade-offs”



Educational Mission & Commitment to Excellence

“Encouraging the educational, emotional and social well being of all students”

“Preparing them to live as global citizens in a rapidly changing global environment”

In a community with high educational expectations
... and a tradition of excellence



Unprecedented Economic Challenges

- State of the economy ... its impact on families
- Failure of 2009-10 budget & BoE commitment to deliver further sustainable savings
- “Surprise” +25% / +\$435,000 increase in State Health Benefits Plan costs
 - Announced after 2009-10 budgets were finalized
 - +\$145,000 in 2009-10 and + \$290,000 in 2010-11
- “Bombshell” \$1.1MM reductions in State funding
 - Unilateral “offset” of reserves : -\$188,037 (*February*)
 - 100% reduction/elimination of State Aid : -\$951,058 (*March 17*)



Unprecedented Economic Challenges

\$1.4 million total State-related expense increase/revenue loss for 2010-11

Equivalent to a +7.5% school property tax increase!



Our \$25.3 million budget is “hard to find”...

- \$36.7 million overall **2009-10** school budget
 - Per state reports & newspapers (*unfortunately!*)
 - Including debt service & all forms of federal/state aid
- \$11.4 million attributable to Lake Drive
 - Fully charged back to sending districts
 - No “burden” on Mountain Lakes taxpayers
 - Helps absorb some overhead/other expenses
- \$25.3 million “Mountain Lakes” **2009-10** budget
 - \$24.1 million current year spending
 - \$1.2 million debt service (previously approved via referendums)

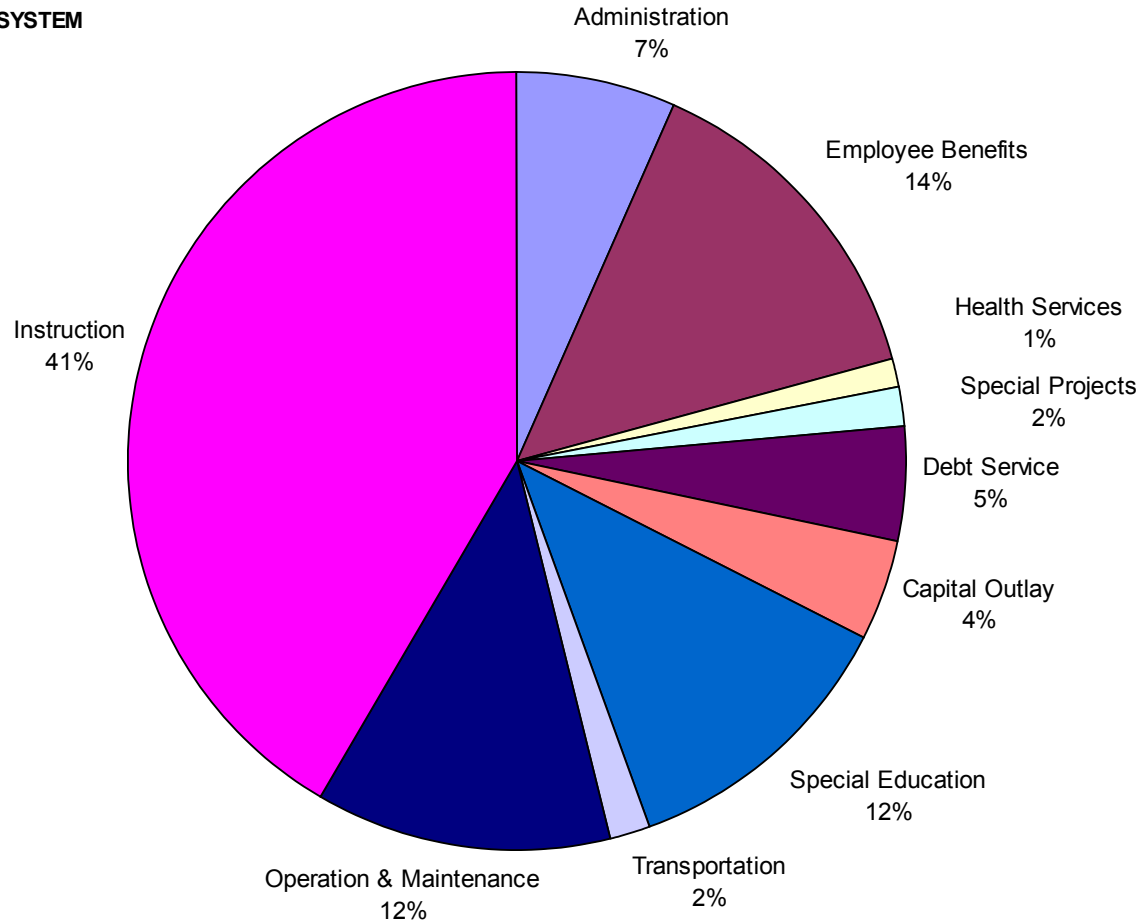


2009–10 Budget Analysis

(Excluding Lake Drive School)

BUDGET ALLOCATIONS
\$25,353,877

EXPENDITURES UNDER GAAP
CLASSIFICATION AND CODING SYSTEM





“People” Drive 74% of Costs

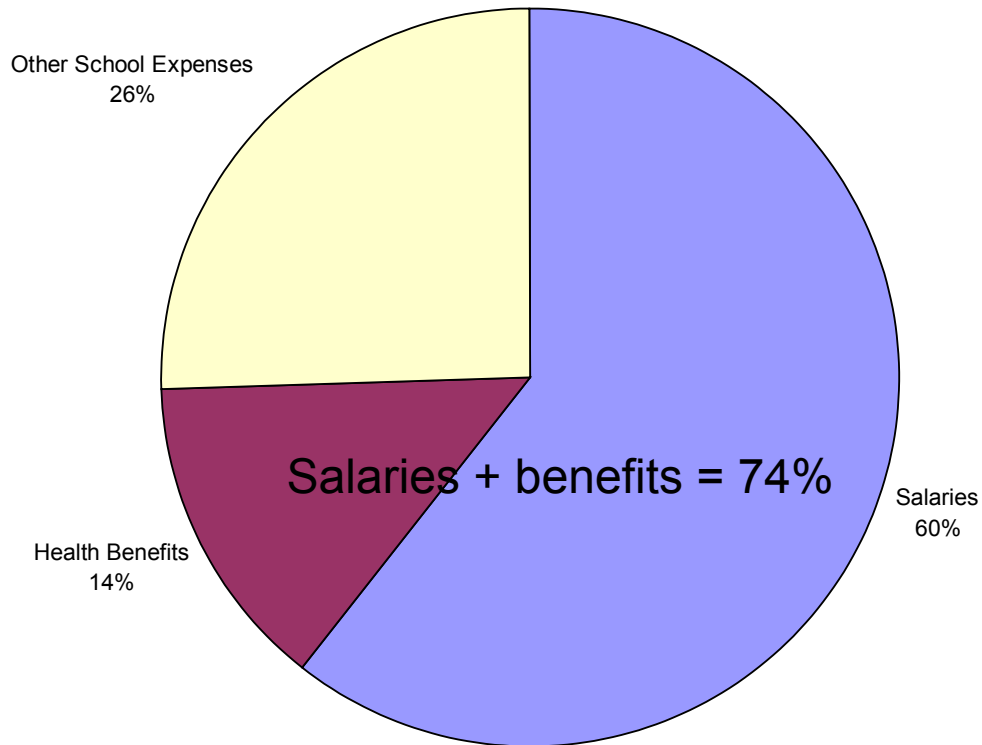
(Excluding Lake Drive School)

BUDGET ALLOCATIONS

\$25,353,877

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\$25.3 million : How do we pay for it ?

\$24.1 million 2009-10 annual budget

Funded via local property tax & other revenue sources

- \$17.8 million local property taxes (74%)
- \$3.6 million BT MLHS tuition for 270 students (15%)
- **\$1.0 million NJ State Aid (4%)**
- \$0.6 million balances appropriated + capital reserve (3%)
- \$0.5 million Federal & State programs (2%)
- \$0.6 million “all other” (3%)

\$1.2 million debt service (not part of annual budget)

- \$1.1 net local property taxes (after debt service aid)



Balancing the trade-offs,
we propose **2010-11 budget** with...

**-\$759 thousand lower total spending
than current year** (vs. 2009-10)

- “All in” including small increase in debt service (not subject to vote)
- Incorporating significant sustainable, on-going savings (i.e., headcount reductions)



Propose **2010-11 budget** with **-\$759 thousand lower spending...**

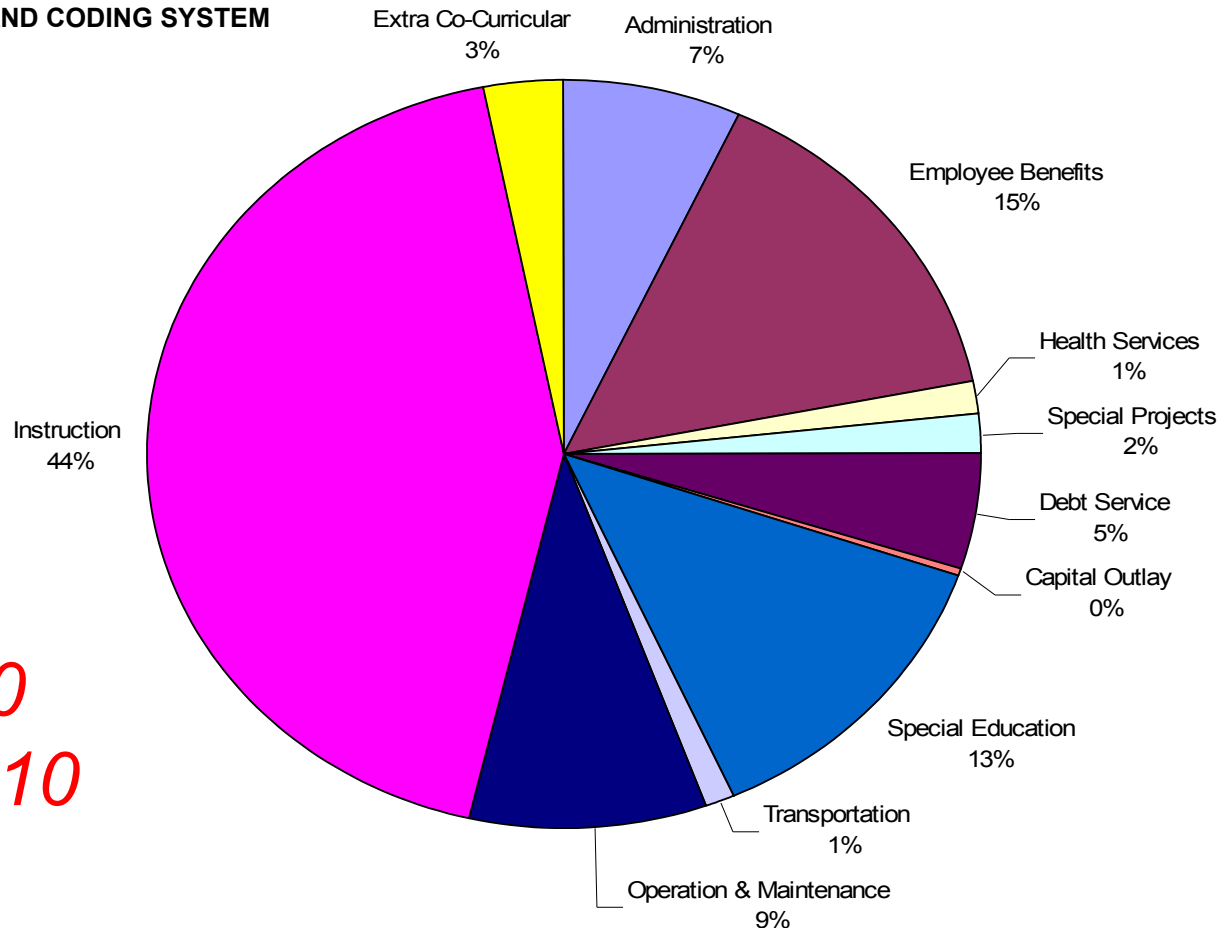
- Reduction of 12.9 FTE positions
 - Sustainable, on-going savings
- Virtual suspension of capital spending
- Continued “belt tightening” across the board
- Unprecedented “hits” from the State “absorbed”
 - Equivalent to a +7.5% increase in school taxes
- **+2.47% overall tax increase (including debt service)**
- > **+\$214 per “avg. home” (despite State “hit” of \$653/home)**



Proposed 2010-11 Budget Overview

BUDGET ALLOCATIONS \$24,594,692

EXPENDITURES UNDER GAAP CLASSIFICATION AND CODING SYSTEM



**-\$759,000
vs. 2009-10**



Sustainable/on-going savings via staff reductions

- Reduction of **12.9 FTE positions** (-6.3% of total staff) in 2010-11 yielding **\$777,741 on-going annual savings**
 - 1 Administrator (\$146k)
 - 7.9 Teachers (\$481k)
 - 4 Non-certified (\$150k)
 - On top of 8 positions eliminated the last 3 years
 - 2009-10: 1 Administrator, 2 Teachers, 1 Non-certified
 - 2008-09: 1 Administrator, 1 Teacher
 - 2007-08: 1 Teacher, 1 Non-certified
- > Representing \$630,000 on-going annual savings
- > ***4-year total on-going annual savings of \$1.4 million***



Tough choices impacting all schools...

- Elimination of 12.9 FTE positions in 2010-11 yielding \$778 thousand on-going savings
 - **Wildwood (5.5)**: 1 Administrator, 2 World Language Teachers, 1 5th Grade Teacher, 1 Clerical Aide, 0.5 Computer Teacher
 - **Briarcliff (2.4)**: 0.4 PE Teacher, 1 Special Ed Aide, 1 Secretary
 - **MLHS (3.0)**: 1 Science Teacher, 0.8 Home Economics Teacher, 0.4 Math Teacher, 0.4 Woodshop Teacher, 0.4 Latin Teacher
 - **“District” (2.0)**: 1 Music Teacher, 1 Custodian



Cuts that should not threaten educational excellence...

- Teaching staff reductions are attributable to:
 - Revised approach to World Languages grades 1-3
 - Reduction in Wildwood 5th grade enrollment
 - Realignment of PE/Health instruction at Briarcliff
 - Elimination of district wide Music Teacher
 - Reevaluation of MLHS Science, Home Economics, Math, Woodshop and Latin program needs



Outstanding challenges...

- Insufficient capital spending to replace final section of HS roof
 - Need will not go away; 40% state subsidy at risk
 - Other major capital repair items still on the horizon
 - Additional program trade-offs likely
 - Emergency reserves at historical low (< 2%)
 - Building community understanding & support for a budget that
 - Is down -\$759,000 versus last year (*expenses*)
 - Yet still requires a +2.47% tax increase (*revenues*)
- >> *after 7.5% “hit” by State*



Potential opportunities...

- Have requested MLEA/MLAA/other staff to forego 2010-11 salary increases (awaiting responses)
 - Some movement at state level to mandate the same thing
- Several senior staff may retire before year end
 - Potential incentives from state to “go now”
- Potential health benefits savings still under investigation
- Consideration of student activity fees for athletics, extra-curricular activities, HS parking, etc.



Potential opportunities (cont.)...

- Have initiated discussion with Boonton Township regarding additional shared service arrangements
 - e.g., Superintendent, Business Administrator
- “Outsourcing” &/or new revenue opportunities
 - e.g., custodial services, extended kindergarten
- Governor's proposed 2.5% tax cap and “toolbox” may offer improved leverage in future contract negotiations

Mountain Lakes 2008-09 Actual Cost per Student Figures				
(per A4-1/A4-2 State Report)				
			# of	
How Viewed?		\$ 000	Students**	\$/Student
Total District Spending (excl. Debt Service)*		\$32,129.3	1644.5	\$19,537
Total Lake Drive (incl. Itinerant & Extraordinary \$)*		\$11,980.9	184.0	\$65,114
Total District Spending, excl. Lake Drive*		\$20,148.4	1460.5	\$13,796
Costs not included in State-defined comparisons*		\$990.9	1460.5	\$678
Mountain Lakes, excl. LD and costs not included by St				
		\$19,187.0	1460.5	\$13,137
MLHS		\$9,531.3	667.0	\$14,290
Briarcliff		\$4,017.2	305.5	\$13,149
Wildwood		\$5,638.5	488.0	\$11,554
Nearby School Districts (as Budgeted)***				
<i>"Mountain Lakes as Shown in State Report"</i>				\$18,931
Boonton Town (K-12)				\$15,694
Chathams (K-12)				\$12,250
Parsippany-Troy Hills				\$13,932
Kinnelon (K-12)				\$12,736
Boonton Township (K-8)				\$12,430
Morris Hills Regional (9-12)				\$16,239
West Morris Regional (9-12)				\$14,224
*Not comparable to generally published Cost/Student figures (which exclude certain Out of District Tuition and Student Transportation Expenses)				
** based on Average Daily Enrollment figures				
*** based on 2008/09 Budgets, per NJDOE website Comparative Spending Guide				



Respecting today's reality: spending discipline, creativity and savings

- All 2010/11 school instructional budgets are flat or down versus 2009/10
- Several new sources of recurring savings; reduced 12.9 FTE (-\$777,741) in 2010-2011 budget
 - Reduction of:
 - 1 Wildwood Teacher; 1 Wildwood Aide; 1 Briarcliff Phys Ed. **.4**;
 - 1 Briarcliff Aide; 1 Briarcliff Secretary; 1 High School Home Ec. **.8**;
 - 1 High School Latin **.4**; 1 Administrator; 2 Wildwood Foreign Language Teachers; 1 Wood Shop **.4**; 1 Music; 1 High School Science;
 - 1 Custodian/Maintenance; 1 High School Math **.4**; 1 Wildwood Computer **.5**
 - Newly negotiated health benefits opt-out (-\$41,142 savings to-date)



Budgetary Goals

- Proposed Budget under State-mandated cap. of 4% (Mountain Lakes is 2.42%)
- Maintain a Budget in Accordance with New Accountability Regulations
- Reduce Cost Where Appropriate (Staffing, Health Benefit Buyback, Hiring Practices, Cooperative Purchasing and Insurance Pool)



Reserves and New Fiscal Accountability

- Reserves/Surplus
 - Under 2% for 2010-2011(historical low)
 - State of NJ reduced all reserves/surplus by \$188,037
- New Fiscal Accountability
 - Tax Levy Cap (4%)
 - User Friendly Budget more transparent to the public
 - Administrative Cost Limits within state requirements



State Aid

- Aid Figures Released March 17, 2010
- Lost \$951,058 of State Aid
State Aid 2010-2011 **\$0.00**



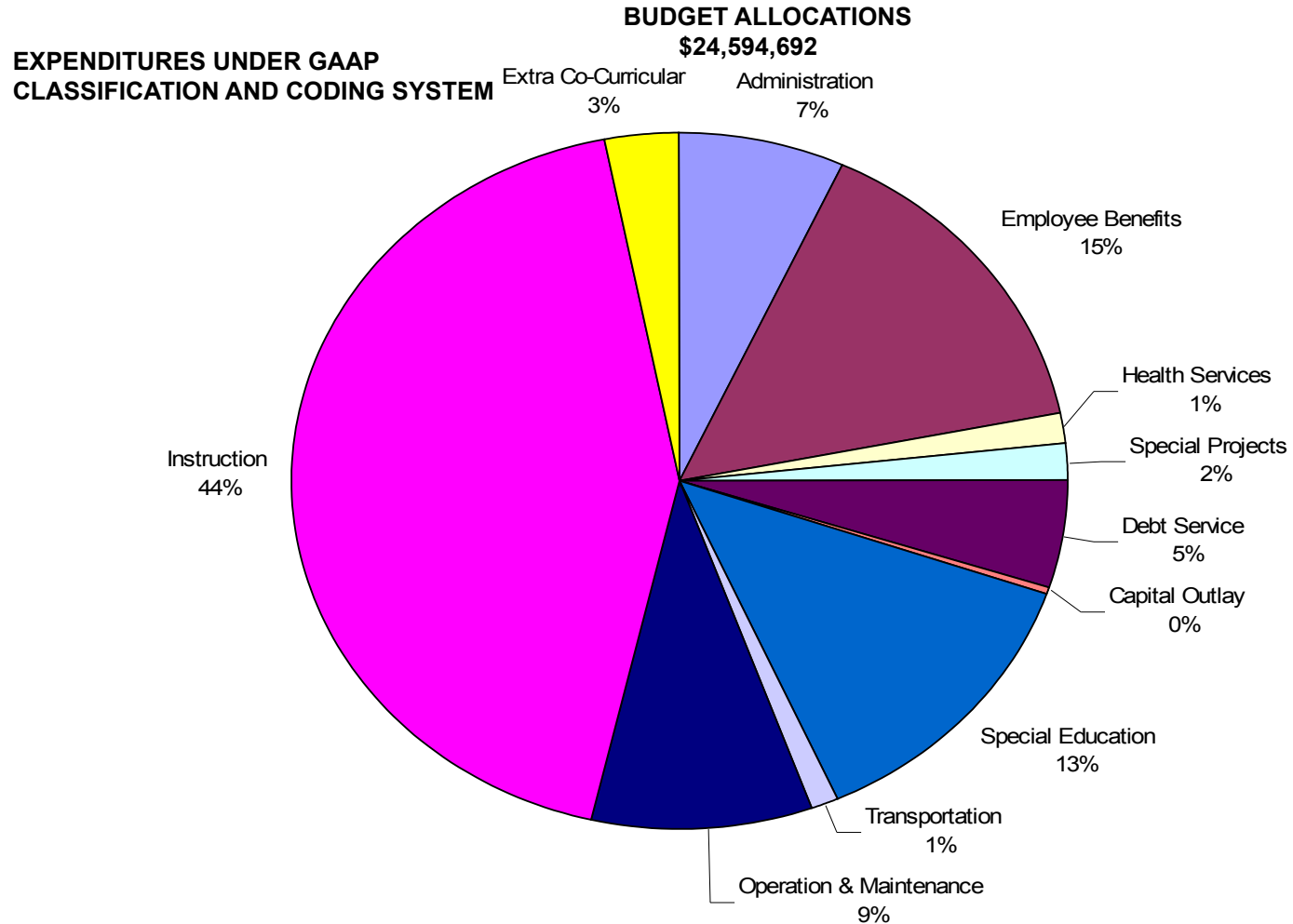
Enrollment Comparison

	Mtn. Lakes	AI		Mtn. Lakes	AI	
	Actual	Actual		Projected	Projected	
	2009-2010	2009-2010	Total	2010-2011	2010-2011	Total
High School	*673	44	717	*683	44	727
Briarcliff School	301	26	327	310	26	336
Wildwood School	**511		511	**500		500
Pre-school Program	6		6	8		8
Subtotal HS,BC,WW	1491	70	1561	1501	70	1571
Lake Drive School		99	99		99	99
Auditorily Impaired						
GRAND TOTAL	1491	169	1660	1501	169	1670
*Includes 270 Boonton Twp. Students and 11 Non-resident Tuition Students						
**Includes 1 Non-resident Tuition Student						



2010-2011 Budget Analysis

(Excluding Lake Drive School)





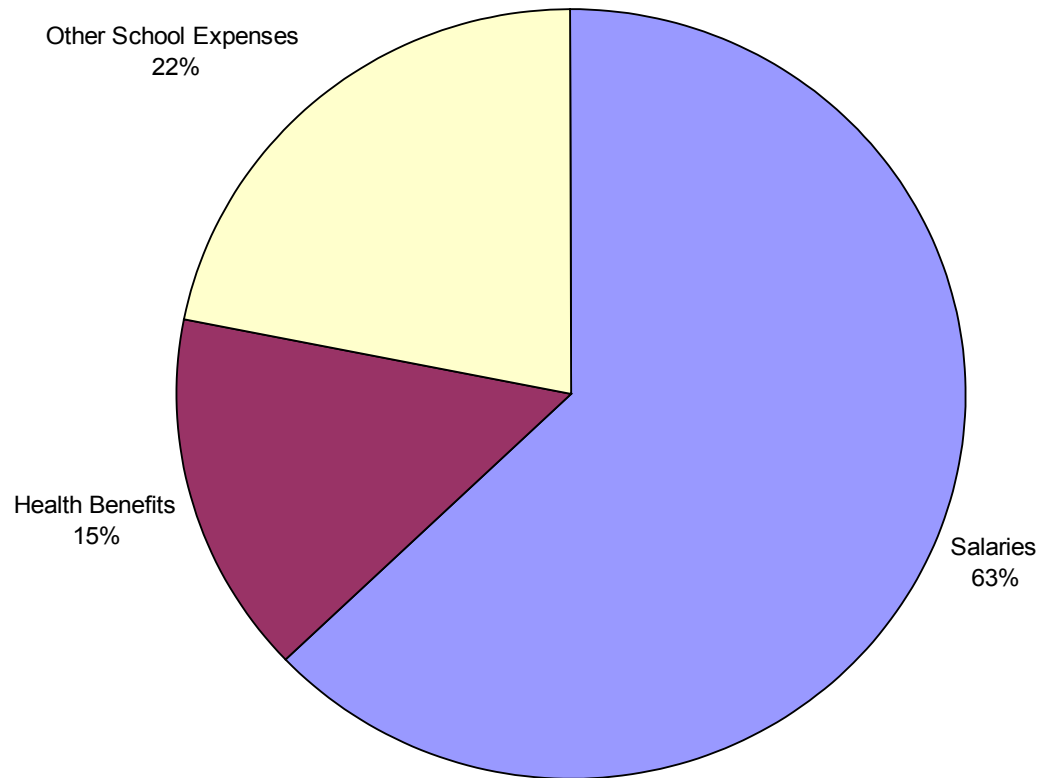
2010-2011 Breakdown of Fixed Costs

(Excluding Lake Drive School)

EXPENDITURES UNDER GAAP
CLASSIFICATION AND CODING SYSTEM

BUDGET ALLOCATIONS

\$24,594,692





Budget Highlights 2010-11

- All School Budgets (Instructional items) held at or below '09-'10 levels
- Reduction of 7.9 teaching positions, saving \$481,252
- Reduction of 1 administrator, saving \$146,437
- Reduction of 4 non-professional staff, saving \$150,052
- Breakage from principal replacement \$40,000
- All existing and new courses taught by existing staff



2010-11 Proposed Capital Projects

High School	\$
Wildwood School	\$0
Biardiff School	\$0
Special Education	\$0
Technology Equipment	\$11,062
Grand Total	\$11,062



Proposed 2010-11 Budget

	2009-2010	2010-2011	Increase \$	Increase%
General Fund				
Appropriations:				
Current Expense	\$22,670,497	\$22,890,805	\$220,308	0.97%
Capital Outlay	\$954,148	\$11,062	-\$943,086	-98.84%
SUBTOTAL	\$23,624,645	\$22,901,867	-\$722,778	-3.06%
Fed/State Programs	\$487,858	\$435,020	-\$52,838	
Debt Service	\$1,241,374	\$1,257,805	\$16,431	
TOTAL	\$25,353,877	\$24,594,692	-\$759,185	
Tax Levy:				
General Fund	\$17,822,350	\$18,254,489	\$432,139	2.42%
Debt Service	\$1,116,424	\$1,151,079	\$34,655	3.10%
OVERALL	\$18,938,774	\$19,405,568	\$466,794	2.465%



Revenue Source - 2 Yr. Period

	Current Budget 2009-2010	Tentative Budget 2010-2011	Change 2010-2011
Balances			
Appropriated + Reserves	\$407,897	\$505,000	\$97,103
Capital Reserve	\$225,000	\$0	-\$225,000
Local Taxes	\$18,938,774	\$19,405,568	\$466,794
Tuition (Btn. Twp. = 270)	\$3,646,350	\$3,755,700	\$109,350
Tuition (Non-res. =12)	\$148,000	\$170,800	\$22,800
(11) HS (1) Elementary)			
Back Tuition (Btn. Twp.)	\$123,990	\$18,878	-\$105,112
Tuition Pre-school	\$60,000	\$32,000	-\$28,000
State Aid	\$951,058	\$0	-\$951,058
Other/DSA	\$612,808	\$516,746	-\$96,062
Miscellaneous	\$240,000	\$190,000	-\$50,000
TOTAL			
REVENUE	\$25,353,877	\$24,594,692	-\$759,185



Homeowner Tax Increase

	2009-2010	2010-2011	Increase	% Increase	
General Fund	\$17,822,350	\$18,254,489	\$432,139	2.42%	
Debt Service	\$1,116,424	\$1,151,079	\$34,655	3.10%	
TOTAL	\$18,938,774	\$19,405,568	\$466,794	2.465%	
2009 School Taxes on average assessed residence of \$866,208 = \$12,649 (Increase of \$185)					
2010 School Taxes on average assessed residence of \$866,208 = \$12,863 (Increase of \$214)					
Debt Service is payment for Referendum previously approved. (20 years)					



2010-11 Tax Impact Analysis

	Assessments	Chg.	Rate	Chg.	Tax Levy	Year
2000	\$608,818,258	+ 1.25%	1.768	4.44%	4.08%	00-01
2001	\$616,122,556	+1.20%	1.897	7.28%	12.84%	01-02
2002	\$624,249,760	+1.32%	2.043	7.70%	5.84%	02-03
2003	\$630,961,930	+1.07%	2.181	6.75%	9.63%	03-04
2004	\$634,515,951	+ .55%	2.387	9.43%	10.43%	04-05
2005	\$639,917,067	+ .85%	2.520	5.57%	2.90%	05-06
2006	\$1,474,084,000	+230.36%	1.137	54.88%	4.95%	06-07
2007	\$1,473,816,100	-0.01%	1.190	4.62%	4.32%	07-08
2008	\$1,477,533,321	+ .0025%	1.237	3.92%	4.09%	08-09
2009	\$1,284,172,607	-13.08%	1.463	18.27%	1.61 %	09-10
2010	\$1,290,679,428	+ .0050%	1.486	1.57%	2.42 %	10-11

2009 School Taxes on average assessed residence of \$866,208

= \$12,649. (Increase of \$ 185)

2010 School Taxes on average assessed residence of \$866,208

= \$12,863. (Increase of \$ 214)



The Election

- Budget Public Hearing – March 29, 2010
- Election: April 20, 2010
- Polls Open from 7:00 am – 9:00 pm
- Mountain Lakes High School
- Board Member Election
Three Year Term (vote for three [3])
 - Joanne Barkauskas
 - Michael Moreau
 - Rosemary Wall
- Two Year Term (vote for one [1])
 - LaVonne Feigeles
- Resolved, that there should be raised for the General Fund, \$18,254,489 (2.42% tax increase) for the ensuing school year. (2010-2011)